

NEWS RELEASE

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DeNUCCI URGES STRONGER OVERSIGHT AS PART OF SCHOOL BUILDING PROGRAM REFORMS

State Auditor Joe DeNucci reported today that the state's multibillion-dollar School Building Assistance program has continued to suffer from a lack of adequate monitoring, leaving the state without assurance that local school construction projects are well managed and that funds are used only for the intended purposes. DeNucci said inadequate resources prevented the Department of Education from providing the necessary level of oversight.

DeNucci said his findings make it even more important that stronger oversight be provided in the backlog-plagued program because of a new SBA reform law that dramatically increases the number of school projects and accelerates future funding.

According to the audit, the state has missed opportunities to save as much as \$20.5 million in annual payments to municipalities due to a lack of timely reviews by DOE to determine the final costs of school projects. Communities receive school building assistance based on estimated costs, but DeNucci's latest audit as well as a prior one found that many communities were overpaid because DOE did not adjust the reimbursements to reflect actual final costs.

The recently enacted reform law is designed to expedite construction of more than 400 pending school projects by creating a new capital grant program with an accelerated reimbursement schedule. A new independent Massachusetts School Building Authority will take over management of the SBA program from DOE. DeNucci said this should greatly improve the management of school building projects, but he warned that it will not work effectively without stronger technical assistance and oversight.

"This program will eventually cost the state more than the Big Dig," said DeNucci. "Therefore, we need to dedicate the resources necessary to make sure that the state's investment is spent economically, efficiently and effectively."

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According to DeNucci's audit, the state appropriated \$1.7 billion to fund new and ongoing school construction projects in the last five years. The state is committed to financing \$5.5 billion for 753 ongoing projects, with an additional \$7 billion going for approved projects currently on the waiting list. However, DeNucci's report found that final cost information was not provided to DOE for 169 completed school projects, while final costs had not been fully reviewed for another 129 projects.

Under the new law, communities will receive their final state reimbursement when projects are completed and after the School Building Authority does a final cost audit. DeNucci recommended that these final reviews include an on-site audit to verify the actual costs. DeNucci said the state should also provide better technical support to communities because of the limited ability of local governments to manage these projects.

Further, the audit called for improvements in the automated system that the state uses to manage projects. DeNucci said the SBA program is required to maintain a comprehensive database on all 1,900 public school buildings in the state, including data on size, capacity, age and maintenance efforts. Without up-to-date information in this database, DeNucci said, it is more difficult to adequately manage the overall school building program as well as monitor maintenance efforts to ensure that the state's significant investment is not being wasted.

"The School Building Assistance program is extremely important in providing a quality environment to help educate future generations across Massachusetts," concluded DeNucci. "I applaud the efforts of the Governor and the Legislature to reform this multibillion-dollar program, and I hope that the new School Building Authority adopts the recommendations in my report in order to better manage this important program."